

# **0370 - Arkansas Public Employees Retirement System**

## **Interim Progress Report for the reporting period July 1, 2003 - December 31, 2003**

### **Section I. Agency Update and Assessment**

**1. Emerging Issues at the Federal (National) or State level affecting the agency.**

Nothing concrete at this time.

**2. Status of any new initiatives funded from General Revenue or General Improvement funds in the 2003 Legislative Sessions and other changes made through General Legislation.**

N/A - APERS receives 100% of funding via the System trust fund. We do not receive any general revenue or general improvement funds.

**3. Discuss significant factors internal and external to the agency affecting agency performance.**

New legislation passed during the 2003 legislative session requires the implementation of a new district judge's retirement system by 1/1/05; and to re-introduce the employee contribution element of the APERS retirement plan by 7/1/05. The number of new retirees increases significantly each year and that trend is expected to continue as more and more of the baby boomers reach retirement age. Concerns remain regarding the accuracy of FY 2002 and FY 2003 reporting of earnings and service and payment of employer matching for the AASIS-participating employers who have not completed reconciliations of their monthly earnings and service reports.

**4. Provide comments on the usefulness and reliability of performance measures.**

Since we have only collected six months of data, it is difficult to comment on the usefulness of the performance measures at this time.

**5. Discuss significant uses of line item flexibility in this report period (agencies operating under Performance-Based Appropriations only).**

At the time of this interim report, APERS has not needed to utilize any line item transfers.

**Program 1: Agency Operations**

**Goal 1:** To provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

**Objective 1:** To maximize benefit levels and customer satisfaction of members and retirees through a high quality benefit program funded through the efficient administration of retirement legislation and the effective allocation and management of fund assets of the Arkansas Public Employees Retirement System.

## Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Percent of customers satisfied with accessibility, accuracy and timeliness of services. (APERS)	95 %	98%	
2	Number of educational seminars for members. (APERS)	22 seminars per year	13	
3	Number of newsletters per year provided to members (APERS).	3 newsletters per year	1	We plan to produce a late winter and late spring newsletter also.
4	Number of agency proprietary systems administered. (APERS/ASPRS/AJRS)	2	2	
5	Administrative cost per active and retired member-APERS	\$58	\$62	See comments below and additional detail on Attachment 1
6	Number of performance measures achieved. (APERS/ASPRS/AJRS)	80%	80%	
7	Agency information technology budget as a percent of total agency budget-APERS	20%	19%	
8	Number of prior year audit findings repeated in subsequent audit. (APERS/ASPRS/AJRS)	None	None	
9	Percent of public employers determined to be in compliance with the Social Security and Medicare coverage regulations applicable to public employees. (APERS)	75%	50%	See comments below
10	Percentage of investment transactions by external money managers reviewed/reconciled by agency staff. (APERS/ASPRS/AJRS)	100%	100%	
11	Percentage of investments reviewed on a quarterly basis for compliance with asset allocation as set by the Board of Trustees.	100%	100%	

**Comments on performance matters related to Objective 1:**

Measure #5. The administrative cost per member and retiree increased due to 22% increases in rent and data processing charges, a 15% increase in postage costs, and a 10% increase in personnel and matching due to the addition of 9 positions. See Attachment 1 (i.e. spreadsheet tab) for additional detail. Measure #9. We are in the process of reviewing surveys sent to all public employers to determine compliance with SS & Medicare coverage regulations. The audit process is approximately 50% complete and includes modifications submitted to SSA for those entities whose Section 218 agreement was not in compliance.

**Program 1: Agency Operations**

**Goal 1:** To provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

**Objective 2:** To maximize benefit levels and customer satisfaction of members and retirees through a high quality benefit program funded through the efficient administration of retirement legislation and the effective allocation and management of fund assets of the Arkansas State Police Retirement System.

## Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Administrative cost per active and retired member-APSRs	\$70	\$66	
2	Agency information technology budget as a percent of total agency budget-ASPRS	8%	8%	
3	Number of agency proprietary systems administered. APERS/ASPRS/AJRS	2	2	
4	Number of prior year audit findings repeated in subsequent audit. APERS/ASPRS/AJRS	none	none	
5	Percentage of investment transactions by external money managers reviewed/reconciled by agency staff. APERS/ASPRS/AJRS	100%	100%	
6	Percentage of investments reviewed on a quarterly basis for compliance with asset allocation as set by the Board of Trustees. APERS/ASPRS/AJRS	100%	100%	
7	Number of performance measures achieved. APERS/ASPRS/AJRS	80%	100%	

**Comments on performance matters related to Objective 2:**

**Program 1: Agency Operations**

**Goal 1:** To provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

**Objective 3:** To maximize benefit levels and customer satisfaction of members and retirees through a high quality benefit program funded through the efficient administration of retirement legislation and the effective allocation and management of fund assets of the Arkansas Judicial Retirement System.

## Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Administrative cost per active and retired member-AJRS	\$231	\$167	
2	Agency information technology budget as a percent of total agency budget-AJRS	10%	10%	
3	Number of agency proprietary systems administered. APERS/ASPRS/AJRS	2	2	
4	Number of performance measures achieved.APERS/ASPRS/AJRS	80%	100%	
5	Number of prior year audit findings repeated in subsequent audit. APERS/ASPRS/AJRS	none	none	
6	Percentage of investment transactions by external money managers reviewed/reconciled by agency staff. APERS/ASPRS/AJRS	100%	100%	
7	Percentage of investments reviewed on a quarterly basis for compliance with asset allocation as set by the Board of Trustees	100%	100%	

**Comments on performance matters related to Objective 3:**

**Program 2: Benefit Payments**

**Goal 1:** To provide for the accurate, timely payment of benefits/payouts to retired members/eligible beneficiaries and refunds to active/inactive members and employers.

**Objective 1:** To produce accurate and timely benefit payments for retired members or eligible beneficiaries via Automated Clearing House (ACH) payment methodologies and to produce accurate and timely benefit payments/payouts for retired members or eligible beneficiaries and refunds to active/inactive members and employers via the Arkansas State Treasury by administering and maintaining the integrity of the Arkansas Public Employees Retirement System membership database.

Measure				
<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Percent of member earnings, service and contributions recorded correctly in the membership database (APERS/ASPRS/AJRS).	97%	97%	See below
2	Percent of initial benefit payments made to a retired member or eligible beneficiary at their requested retirement date or within 30 days of the receipt of required documentation.	100%	100%	

**Comments on performance matters related to Objective 1:**

Better than 97% of all member earnings and service records directly audited by agency staff can be certified as absolutely correct. However, certain AASIS-reporting agencies, particularly DHS with over 8,000 employees, have not audited or reconciled their wage and service reports for accuracy and submitted corrections since AASIS went live on 7/1/01. We cannot venture an opinion as to the accuracy of those particular records.

**Program 2: Benefit Payments**

**Goal 1:** To provide for the accurate, timely payment of benefits/payouts to retired members/eligible beneficiaries and refunds to active/inactive members and employers.

**Objective 2:** To produce accurate and timely benefit payments for retired members or eligible beneficiaries via Automated Clearing House (ACH) payment methodologies and to produce accurate and timely benefit payments/payouts for retired members or eligible beneficiaries and refunds to active/inactive members and employers via the Arkansas State Treasury by administering and maintaining the integrity of the Arkansas State Police Retirement System membership database.

**Measure**

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Percent of member earnings, service and contributions recorded correctly in the membership database. APERS/ASPRS/AJRS	97%	99%	
2	Percent of initial benefit payments made to a retired member or eligible beneficiary at their requested retirement date or within 30 days of the receipt of required documentation. APERS/ASPRS/AJRS	100%	100%	

**Comments on performance matters related to Objective 2:**

**Program 2: Benefit Payments**

**Goal 1:** To provide for the accurate, timely payment of benefits/payouts to retired members/eligible beneficiaries and refunds to active/inactive members and employers.

**Objective 3:** To produce accurate and timely benefit payments for retired members or eligible beneficiaries via Automated Clearing House (ACH) payment methodologies and to produce accurate and timely benefit payments/payouts for retired members or eligible beneficiaries and refunds to active/inactive members and employers via the Arkansas State Treasury by administering and maintaining the integrity of the Arkansas Judicial Retirement System membership database.

## Measure

<u>Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>Actual YTD</u>	<u>Comments</u>
1	Percent of member earnings, service and contributions recorded correctly in the membership database. APERS/ASPRS/AJRS	97%	100%	
2	Percent of initial benefit payments made to a retired member or eligible beneficiary at their requested retirement date or within 30 days of the receipt of required documentation. APERS/ASPRS/AJRS	100%	100%	

**Comments on performance matters related to Objective 3:**